



AGING & DISABILITY RESOURCE CENTER

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Preventing Elder Financial Abuse

*Press Release, submitted by *Denise Grossman, Elder Benefit Specialist*

Senior citizens are extremely vulnerable to financial scams, fraud, and abuse. Some have large nest eggs and most are exposed to confusing and seemingly “too good to be true” investment scams. There are several ways advocates can help protect elderly clients and also easy ways elder investors, and all investors, can help protect themselves.

Unfortunately, approximately 55% of elder financial fraud is perpetrated by close friends, neighbors, or family members, usually granted with Power of Attorney (POA) for Finance or other financial decision-making authority. These individuals, who are trusted with prudently managing their fiduciary’s finances, can misappropriate funds for their own benefit.

Some possible warning signs that a POA for Finance is abusing his or her position include sudden unpaid bills, eviction notices or notices to discontinue utilities, unexplainable withdrawals from bank accounts or account transfers, bank statements and canceled checks that no longer come to the elder’s home, the care of the elder is not commensurate with the size of his/her estate, a caregiver expresses excessive interest in the amount of money being spent on the older person, belongings or property are missing, suspicious signatures appear on checks or other documents, and the elder is unaware of or does not understand financial arrangements that have been made for him or her.

Seniors can protect themselves from financial abuse by creating multiple levels of review with regard to their finances. If they have a POA for Finance, it would be prudent to also have another trusted, but independent, friend, family member, or community advocate review the elder’s financial records.

Additionally, elderly investors should be aware of scams that target them through high-pressure cold calls, door-to-door pitches, or other aggressive advertising strategies. The best thing any investor can do is research both the investment and the person holding themselves out to be an investment professional. A great resource for all things safe and smart investing is <http://www.saveandinvest.org>. This website has information on common scams and frauds — and tips on how to spot and avoid them. In addition, investors can learn general tips on a variety of topics from how to keep your identity safe to how to properly save for a comfortable retirement.

The majority of POAs and financial professionals are ethical and honest. However, it is always important for senior citizens and their community advocates to be diligent in the prevention of financial abuse. This is done through awareness of what is going on with their financial accounts, prudent research into potential financial advisors and investments, and education about the types of scams that target seniors and awareness of red flags. This is worth repeating to appreciate the importance of the message — if it sounds too good to be true, it probably is!